

GILMORE TOWNSHIP, ISABELLA COUNTY

FARWELL, MICHIGAN

MARCH 31, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

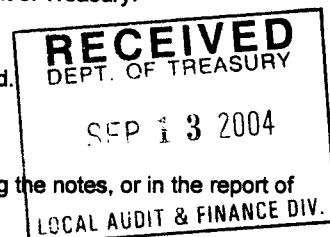
Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Gilmore Township	County Isabella
Audit Date 3/31/04	Opinion Date 8/17/04	Date Accountant Report Submitted to State: 8/25/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations



You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Baird, Cotter & Bishop, P.C.			
Street Address 134 W. Harris Street	City Cadillac	State MI	ZIP 49601
Accountant Signature		Date	

GILMORE TOWNSHIP, ISABELLA COUNTY
FARWELL, MICHIGAN

MARCH 31, 2004

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M. WAYNE BEATTIE, C.P.A.
1902 - 1990
JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.
DALE D. COTTER, C.P.A.

Baird, Cotter and Bishop, P.C.

JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
DOUGLAS P. McMULLEN, C.P.A.
JOHN F. TAYLOR, C.P.A.
STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

CERTIFIED PUBLIC ACCOUNTANTS

August 17, 2004

INDEPENDENT AUDITORS' REPORT

To the Township Board
Gilmore Township
Isabella County
Farwell, Michigan

We have audited the accompanying general-purpose financial statements of Gilmore Township, Isabella County, Farwell, Michigan as of and for the year ended March 31, 2004, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Township. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Gilmore Township, Isabella County, Farwell, Michigan as of March 31, 2004, and the results of its operation for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying financial information listed as "Financial Statements of Individual Funds" and "Other Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements, and in our opinion, it is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P. C.

Baird, Cotter & Bishop P.C.

GILMORE TOWNSHIP, ISABELLA COUNTY
FARWELL, MICHIGAN

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUP
MARCH 31, 2004

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$	762	\$	0	\$	762
Employee Withholdings		260		0		260
Due to Other Funds		0		117,206		117,206

EQUITY

Investment in							
General Fixed Assets							
Fund Balance	\$	0	\$	0	\$	80,014	\$ 80,014
Reserved		58,726		0		0	58,726
Unreserved		341,253		0		0	341,253
Total Fund Balance	\$	399,979	\$	0	\$	80,014	\$ 479,993
TOTAL LIABILITIES AND FUND BALANCE	\$	401,001	\$	117,206	\$	80,014	\$ 598,221

The accompanying notes are an integral part of these financial statements.

GILMORE TOWNSHIP, ISABELLA COUNTY
FARWELL, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2004

REVENUES

Taxes	\$ 119,957
State Grants	94,134
Charges for Services	4,871
Interest and Rents	4,748
Other Revenue	66
	<hr/>
Total Revenues	\$ 223,776

EXPENDITURES

Legislative	
Township Board	\$ 7,607
General Government	
Supervisor	9,007
Assessor	8,991
Clerk	10,029
Board of Review	664
Treasurer	9,064
Building and Grounds	2,329
Cemetery	7,008
Public Safety	30,360
Public Works	115,581
Other Functions	8,244
	<hr/>
Total Expenditures	\$ 208,884

Excess of Revenues Over (Under) Expenditures	\$ 14,892
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<u>FUND BALANCE</u> -April 1, 2003	<hr/> 385,087
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<u>FUND BALANCE</u> -March 31, 2004	<hr/> <hr/> \$ 399,979
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The accompanying notes are an integral part of these financial statements.

GILMORE TOWNSHIP, ISABELLA COUNTY
FARWELL, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
Taxes	\$ 119,250	\$ 119,957	\$ 707
State Grants	100,000	94,134	(5,866)
Charges for Services	5,300	4,871	(429)
Interest and Rents	4,100	4,748	648
Other Revenue	1,500	66	(1,434)
Total Revenues	\$ 230,150	\$ 223,776	\$ (6,374)
<u>EXPENDITURES</u>			
Legislative			
Township Board	\$ 11,204	\$ 7,607	\$ 3,597
General Government			
Supervisor	10,122	9,007	1,115
Assessor	11,700	8,991	2,709
Clerk	11,124	10,029	1,095
Board of Review	1,280	664	616
Treasurer	10,272	9,064	1,208
Building and Grounds	5,500	2,329	3,171
Cemetery	14,000	7,008	6,992
Public Safety	45,900	30,360	15,540
Public Works	111,000	115,581	(4,581)
Other Functions	10,272	8,244	2,028
Total Expenditures	\$ 242,374	\$ 208,884	\$ 33,490
Excess of Revenues Over (Under) Expenditures	\$ (12,224)	\$ 14,892	\$ 27,116
<u>FUND BALANCE</u> - April 1, 2003	390,904	385,087	(5,817)
<u>FUND BALANCE</u> - March 31, 2004	\$ 378,680	\$ 399,979	\$ 21,299

GILMORE TOWNSHIP, ISABELLA COUNTY
FARWELL, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Gilmore Township is a general law township located in Isabella County which operates under the direction of an elected township board. Under the criteria established by generally accepted accounting principles, the Township has determined that there are no component units which should be included in its reporting entity.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Township are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The Township has no long-term debts which would be recorded in the general long-term debt account group.

The Township has the following fund types and account group:

Governmental funds are used to account for the Township's general government activities. Governmental fund types use the flow of financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes and interest are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the Township and are recognized as revenue at that time. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met.

Governmental funds include the following fund types:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

GILMORE TOWNSHIP, ISABELLA COUNTY
FARWELL, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

Fiduciary funds account for assets held by the Township in a trustee capacity or as an agent on behalf of others. Fiduciary funds include the following fund types:

The Tax Collection Fund is an agency fund and is custodial in nature. It does not present results of operation or have a measurement focus. The agency fund also uses the modified accrual basis of accounting. This fund is used to account for property tax collections which the township receives and distributes for others in an agency capacity.

Account Group. The General Fixed Asset Account Group is used to account for fixed assets of the Township.

C. Assets, Liabilities and Equity

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

The Township's investment policy states that the Township treasurer may invest as follows:

In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank but only if the bank, savings and loan association, or credit union meets all criteria as a depository of public funds contained in state law. The standard of prudence to be used shall be the "fiduciary" standard and shall be applied in context of managing an overall portfolio.

Also, the prior approval of the Township board shall be required for the treasurer to invest in any other lawful investment instruments. The Township board's standard of prudence shall be the "fiduciary" standard, which shall be applied in context of managing an overall portfolio. The Township board may authorize the treasurer to invest in the following:

Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.

Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of purchase.

Repurchase agreements consisting of instruments listed in subdivision (a).

Bankers' acceptances of United States banks.

GILMORE TOWNSHIP, ISABELLA COUNTY
FARWELL, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than 1 standard rating service.

Mutual funds registered under the Investment Company Act of 1940, Title I of Chapter 686, 54 Stat 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation. However, a mutual fund is not disqualified as a permissible investment solely by reason of either of the following:

- (i) The purchase of securities on a when-issued or delayed delivery basis.
- (ii) The ability to lend portfolio securities as long as the mutual fund receives collateral at all times equal to at least 100% of the value of the securities loaned.
- (iii) The limited ability to borrow and pledge a like portion of the portfolio's assets for temporary or emergency purposes.

Obligations described in subdivisions (a) through (g) if purchased through an interlocal agreement under the Urban Cooperation Act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.

Investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 367, MCL 129.11 to 129.118.

The investment pools organized under the Local Government Investment Pool Act, 1985 PA 121, MCL 129.141 to 129.150.

2. Receivables and Payables

All outstanding balances between funds at the end of the fiscal year are reported as "Due To/From Other Funds".

3. Fixed Assets

Fixed assets used in governmental fund types (general fixed assets) are accounted for in the General Fixed Assets Account Group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized.

GILMORE TOWNSHIP, ISABELLA COUNTY
FARWELL, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

Public domain (infrastructure) general fixed assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Township) are not capitalized.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not included in the general fixed assets account group.

4. Fund Equity

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose.

5. Use of Estimates

This presentation of financial statements in conformity with generally accepted accounting principles requires the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reporting period. Actual results could differ from those estimates.

6. Memorandum Only - Total Columns

Total columns on the general-purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The annual budget is adopted on the modified accrual basis in accordance with the requirements of Michigan Public Act 621 of 1978 "The Uniform Budgeting and Accounting Act". A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budget amounts presented are as originally adopted on April 9, 2003 or as amended by the Township Board from time to time throughout the year.

The appropriated budgets are prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

GILMORE TOWNSHIP, ISABELLA COUNTY
FARWELL, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

At year-end, the carrying amount of the Township's regular deposits was \$388,404 and the bank balance was \$388,404. Of the bank balance, \$200,000 was covered by federal depository insurance. The remaining \$188,404 are in accounts which exceed the federal depository insurance limit of \$100,000 and also are uncollateralized.

The carrying amount of the Township's deposits at year-end are shown below:

	GENERAL FUND	CURRENT TAX COLLECTION FUND
Isabella Bank and Trust		
Mt. Pleasant, Michigan		
Commercial Accounts	\$ 995	\$ 117,206
Money Market Accounts	200,450	0
Certificates of Deposit	69,753	0
Total	<u>\$ 271,198</u>	<u>\$ 117,206</u>

B. Fixed Assets

Activity in the general fixed assets account group for the Township for the year ended March 31, 2004, was as follows:

	BALANCE 4/1/03	ADDITIONS	DELETIONS	BALANCE 3/31/04
<u>GENERAL FIXED ASSETS</u>				
Land	\$ 6,800	\$ 0	\$ 0	\$ 6,800
Buildings	49,603	0	0	49,603
Equipment	23,611	0	0	23,611
	<u>\$ 80,014</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 80,014</u>

GILMORE TOWNSHIP, ISABELLA COUNTY
FARWELL, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

C. Interfund Receivables and Payables

The composition of interfund balances as of March 31, 2004, is as follows:

Due To/From Other Funds:

<u>RECEIVABLE FUND</u>	<u>PAYABLE FUND</u>	<u>AMOUNT</u>
General Fund	Tax Collection Fund	\$ 117,206

IV. OTHER INFORMATION

A. Property Tax Administration Fee

The Township passed a resolution to charge 1% administration fee on all ad valorem taxes levied. The resolution is to continue in force and effect until revoked by the Township Board.

The Township has determined that authorized costs of tax collection will be repeatedly in excess of the revenue generated by the administration fee so that a restricted earnings account is not reflected in these statements.

B. Property Taxes

The Township levied .8926 mills for general operating purposes on a taxable value of \$32,893,489.

Properties are assessed January 1 and the related property taxes become a lien on December 1 of the same year. These taxes are due on or before February 28, before they are added to the County tax rolls. Property taxes levied December 1 which are collected prior to the end of the fiscal year are recognized as income in the year in which they are levied. Included in tax revenue is assessments for waste removal.

GILMORE TOWNSHIP, ISABELLA COUNTY
FARWELL, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2004

C. Interest Income and Expense

For the year ended March 31, 2004, interest income and expense was as follows:

	INTEREST	
	INCOME	EXPENSE
General Fund	\$ 4,673	\$ 0

NOTE - Interest income earned in the Current Tax Collection Fund is periodically transferred to the General Fund and is shown as General Fund interest income.

D. Retirement Plan

The Township has a defined contribution pension plan with The Manufacturers Life Insurance Company, which covers all elected officials. Each employee becomes eligible for coverage immediately upon taking office. An employee's normal retirement date is age 65 or the 10th anniversary of the first day of the plan year in which participation in the plan is commenced.

The formula for determining contributions is based on an employee's annual compensation. The Township has elected to contribute 15% of compensation to the plan annually.

Township contributions to the plan for 2003-2004 plan year amounted to \$4,711 which includes some administration fees.

Total wages for those covered under the plan was approximately \$29,146, and total wages for all employees including non-covered payroll was approximately \$29,733.

E. Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability, errors and omissions and workers compensation insurance. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments being required.

The Township continues to carry insurance for other risks of loss, including fidelity bonds.

GILMORE TOWNSHIP, ISABELLA COUNTY
FARWELL, MICHIGAN

GENERAL FUND

BALANCE SHEET
MARCH 31, 2004

ASSETS

Cash	
Commercial Account	\$ 995
Money Market Account	200,450
Certificates of Deposit	69,753
Due from Current Tax Collection Fund	117,206
Due from Other Governments	12,597
	<hr/>
TOTAL ASSETS	\$ 401,001

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 762
Employee Withholdings	260
	<hr/>
Total Liabilities	\$ 1,022

FUND BALANCE

Reserved for Garbage Service	\$ 58,726
Unreserved	341,253
	<hr/>
Total Fund Balance	\$ 399,979

TOTAL LIABILITIES AND FUND BALANCE	\$ 401,001
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GILMORE TOWNSHIP, ISABELLA COUNTY
FARWELL, MICHIGAN

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>REVENUES</u>			
Taxes	\$ 119,250	\$ 119,957	\$ 707
State Grants	100,000	94,134	(5,866)
Charges for Services	5,300	4,871	(429)
Interest and Rents	4,100	4,748	648
Other Revenue	1,500	66	(1,434)
Total Revenues	\$ 230,150	\$ 223,776	\$ (6,374)
<u>EXPENDITURES</u>			
Legislative			
Township Board	\$ 11,204	\$ 7,607	\$ 3,597
General Government			
Supervisor	10,122	9,007	1,115
Assessor	11,700	8,991	2,709
Clerk	11,124	10,029	1,095
Board of Review	1,280	664	616
Treasurer	10,272	9,064	1,208
Building and Grounds	5,500	2,329	3,171
Cemetery	14,000	7,008	6,992
Public Safety	45,900	30,360	15,540
Public Works	111,000	115,581	(4,581)
Other Functions	10,272	8,244	2,028
Total Expenditures	\$ 242,374	\$ 208,884	\$ 33,490
Excess of Revenues Over (Under) Expenditures	\$ (12,224)	\$ 14,892	\$ 27,116
<u>FUND BALANCE</u> - April 1, 2003	390,904	385,087	(5,817)
<u>FUND BALANCE</u> - March 31, 2004	\$ 378,680	\$ 399,979	\$ 21,299

GILMORE TOWNSHIP, ISABELLA COUNTY
FARWELL, MICHIGAN

GENERAL FUND

ANALYSIS OF REVENUES
FOR THE YEAR ENDED MARCH 31, 2004

TAXES

Current Property Taxes	\$	107,234
Property Tax Administration Fee		12,723
		12,723

Total Taxes		\$ 119,957
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STATE GRANTS

State Revenue Sharing		
Sales and Use Tax		
		94,134

CHARGES FOR SERVICES

Dog License Fees	\$	7
Cemetery Lot Sales		1,000
Grave Openings		2,546
Miscellaneous		818
Fire Runs		500
		500

Total Charges for Services		4,871
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INTEREST AND RENTS

Interest Earnings	\$	4,673
Rents		75
		75

Total Interest and Rents		4,748
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OTHER REVENUE

Refunds and Rebates		66
		66

TOTAL REVENUES	\$	223,776
		223,776

GILMORE TOWNSHIP, ISABELLA COUNTY
FARWELL, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2004

LEGISLATIVE

Township Board

Personal Services

Salaries and Wages

\$ 2,401

Per Diem

1,150

Supplies

Office Supplies

723

Other Services and Charges

Contracted Services

1,416

Transportation

241

Printing and Publishing

818

Dues and Subscriptions

768

Education and Training

90

Total Legislative

\$ 7,607

GENERAL GOVERNMENT

Supervisor

Personal Services

Salaries and Wages

\$ 7,672

Per Diem

950

Supplies

Office Supplies

37

Other Services and Charges

Communications

40

Transportation

308

\$ 9,007

Assessor

Other Services and Charges

Contracted Services

\$ 8,256

Land Splits

735

8,991

GILMORE TOWNSHIP, ISABELLA COUNTY
FARWELL, MICHIGAN

STATEMENT 4

GENERAL FUND

ANALYSIS OF EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2004

Clerk			
Personal Services			
Salaries and Wages	\$	8,144	
Per Diem		900	
Supplies			
Office Supplies		355	
Other Services and Charges			
Education and Training		90	
Communications		351	
Transportation		189	10,029
Board of Review			
Personal Services			
Salaries and Wages	\$	494	
Other Services and Charges			
Education and Training		170	664
Treasurer			
Personal Services			
Salaries and Wages	\$	7,672	
Per Diem		350	
Supplies			
Office Supplies		769	
Other Services and Charges			
Communications		158	
Transportation		115	9,064
Building and Grounds			
Other Services and Charges			
Repairs and Maintenance	\$	395	
Public Utilities		1,934	2,329
Cemetery			
Other Services and Charges			
Contracted Services	\$	6,546	
Repairs and Maintenance		150	
Public Utilities		312	7,008
Total General Government			47,092
<u>PUBLIC SAFETY</u>			
Other Services and Charges			
Aid to Other Governments			
Surrey Township	\$	20,672	
Sherman-N. Ottawa Fire Department		9,688	30,360

GILMORE TOWNSHIP, ISABELLA COUNTY
FARWELL, MICHIGAN

GENERAL FUND

ANALYSIS OF EXPENDITURES
FOR THE YEAR ENDED MARCH 31, 2004

PUBLIC WORKS

Highway, Streets, and Bridges		
Other Services and Charges		
Road Maintenance and Brining		
Sanitation	\$	40,363
Other Services and Charges		
Contracted Services		
		<u>75,218</u>
		115,581

OTHER FUNCTIONS

Insurance and Bonds		
Employee Benefits	\$	2,924
Pension	\$	4,711
Worker's Compensation		148
Social Security and Medicare		461
		<u>5,320</u>
Total Other Functions		<u>8,244</u>
TOTAL EXPENDITURES		<u>\$ 208,884</u>

GILMORE TOWNSHIP, ISABELLA COUNTY
FARWELL, MICHIGAN

CURRENT TAX COLLECTION FUND

BALANCE SHEET
MARCH 31, 2004

ASSETS

Cash
Commercial Account

\$ 117,206

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to General Fund

\$ 117,206

FUND BALANCE

0

TOTAL LIABILITIES AND FUND BALANCE

\$ 117,206

GILMORE TOWNSHIP, ISABELLA COUNTY
FARWELL, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED MARCH 31, 2004

	BALANCE 4/1/03	ADDITIONS	DELETIONS	BALANCE 3/31/04
<u>ASSETS</u>				
Cash	\$ 112,559	\$ 969,827	\$ 965,180	\$ 117,206
Due From Other Governments	927	0	927	0
	<u>113,486</u>	<u>969,827</u>	<u>966,107</u>	<u>117,206</u>
<u>LIABILITIES</u>				
Due to Other Governments	\$ 0	\$ 852,283	\$ 852,283	\$ 0
Due to Other Funds	113,486	117,544	113,824	117,206
	<u>\$ 113,486</u>	<u>\$ 969,827</u>	<u>\$ 966,107</u>	<u>\$ 117,206</u>

GILMORE TOWNSHIP, ISABELLA COUNTY
FARWELL, MICHIGAN

GENERAL FIXED ASSETS GROUP OF ACCOUNTS

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
FOR THE YEAR ENDED MARCH 31, 2004

	BALANCE 4/1/03	ADDITIONS	DELETIONS	BALANCE 3/31/04
<u>GENERAL FIXED ASSETS</u>				
Land	\$ 6,800	\$ 0	\$ 0	\$ 6,800
Buildings	49,603	0	0	49,603
Machinery and Equipment	23,611	0	0	23,611
	<u>\$ 80,014</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 80,014</u>
<u>INVESTMENT IN GENERAL FIXED ASSETS</u>	<u>\$ 80,014</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 80,014</u>

GILMORE TOWNSHIP, ISABELLA COUNTY
FARWELL, MICHIGAN

STATEMENT OF 2003 TAX ROLL
MARCH 31, 2004

TAXES ASSESSED

County	\$	263,850	
County - State Education Tax		164,501	
Township			
Operating		29,361	
Special Assessment		77,873	
Schools			
Beal City Public School		5,189	
Chippewa Hills		136,705	
Farwell Area Schools		153,414	
Intermediate School			
Clare - Gladwin		42,865	
Gratiot - Isabella		2,309	
Mecosta - Osceola		50,330	
College			
Mid-Michigan Community		25,722	\$ 952,119

TAXES COLLECTED

County	\$	230,165	
County - State Education Tax		151,113	
Township			
Operating		25,602	
Special Assessment		64,536	
Schools			
Beal City Public School		4,778	
Chippewa Hills		117,271	
Farwell Area Schools		138,447	
Intermediate School			
Clare - Gladwin		37,453	
Gratiot - Isabella		2,236	
Mecosta - Osceola		43,458	
College			
Mid-Michigan Community		22,474	837,533

GILMORE TOWNSHIP, ISABELLA COUNTY
FARWELL, MICHIGAN

STATEMENT OF 2003 TAX ROLL
MARCH 31, 2004

TAXES RETURNED DELINQUENT

County	\$	33,685	
County - State Education Tax		13,388	
Township			
Operating		3,759	
Special Assessment		13,337	
Schools			
Beal City Public School		411	
Chippewa Hills		19,434	
Farwell Area Schools		14,967	
Intermediate School			
Clare - Gladwin		5,412	
Gratiot - Isabella		73	
Mecosta - Osceola		6,872	
College			
Mid-Michigan Community		3,248	
		<u>3,248</u>	\$ <u>114,586</u>

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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DOUGLAS P. McMULLEN, C.P.A.
JOHN F. TAYLOR, C.P.A.
STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

August 17, 2004

LETTER OF COMMENTS AND RECOMMENDATIONS

To the Township Board
Gilmore Township
Isabella County
Farwell, Michigan

During the course of our audit of the general-purpose financial statements of Gilmore Township for the year ended March 31, 2004, we noted the following items:

Government Accounting Standards Board (GASB) Statement 34

The Governmental Accounting Standards Board has issued statement number 34 which significantly changes the financial statement presentation for governmental entities following accounting principles generally accepted in the United States of America. We will assist the Township in determining the effect of GASB Statement 34 on its financial statements when the implementation dated of March 31, 2005, comes closer.

Budgeting

Pertaining to the Township's compliance with Public Act 621 of 1978 the following item was noted:

- (1) The 2003-2004 budget was adopted on April 9, 2003. To be in compliance with Act 621 of the Public Acts of 1978, the Board should always adopt the budget prior to April 1, of each year.

Recordkeeping

The accounting records being maintained for the year ended March 31, 2004, were found to be in good order and in compliance with the State's uniform accounting system. We commend the clerk and treasurer for their fine effort.

We would like to thank the Board for awarding our firm the audit assignment of the Township and wish to thank the Township clerk and treasurer for their cooperation.

If you have any questions relative to the above comments and recommendations or other areas of your annual accounting, please feel free to call on us.

BAIRD, COTTER AND BISHOP, P. C.

Baird, Cotter & Bishop PC

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August 17, 2004

LETTER OF REPORTABLE CONDITIONS

To the Township Board
Gilmore Township
Isabella County
Farwell, Michigan

In planning and performing our audit of the general-purpose financial statements of Gilmore Township, Isabella County, Farwell, Michigan for the year ended March 31, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general-purpose financial statements.

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is a material weakness.

This report is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

BAIRD, COTTER AND BISHOP, P. C.

Baird, Cotter & Bishop PC